

AMENDED IN ASSEMBLY JUNE 28, 2009

CALIFORNIA LEGISLATURE—2009–10 THIRD EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 42

Introduced by Assembly Member Evans

June 18, 2009

~~An act relating to the Budget Act of 2009.~~ *An act to amend Sections 1240.3, 2558.46, 8279.7, 8357, 8447, 42238.146, 60422.1, 66021.2, 69432.7, and 76300 of, to amend and repeal Section 33128.3 of, to amend, repeal, and add Section 47634.1 of, to add Sections 8481, 41202.5, and 84043 to, to add and repeal Sections 17463.7, 46201.2, 60422.2, and 60851.5 of, to repeal Section 8278 of, and to repeal Article 22 (commencing with Section 8460) of Chapter 2 of Part 6 of Division 1 of Title 1 of, the Education Code, and to amend Item 6110-113-0890 of Section 2.00 of the Budget Act of 2009 (Chapter 1 of the Statutes of 2009, Third Extraordinary Session), relating to education finance, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 42, as amended, Evans. ~~Budget Act of 2009.~~ *Education finance.*
(1) *Existing law requires the county superintendent of schools of each county, among other specified duties, to make annual visits to each school in his or her county to observe its operation and to learn of its problems. Existing law requires that the priority objective of those visits be the determination of whether each school has sufficient textbooks, as defined. Existing law states for the 2008–09 and 2009–10 fiscal years the intent of the Legislature that each pupil be provided with the same state-adopted standards-aligned text book or instructional material as is provided to every other pupil enrolled in the same grade and same course offered by the local educational agency.*

This bill for the 2008–09 to 2012–13 fiscal years, inclusive, would exclude supplemental materials as specified from the aforementioned statement of legislative intent. The bill would state the intent of the Legislature that local educational agencies not be required to purchase the mathematics and English language arts instructional materials that are adopted in the same year or in consecutive years.

(2) Existing law requires a revenue limit to be calculated for each county superintendent of schools, adjusted for various factors, and reduced, as specified. Existing law reduces the revenue limit for each county superintendent of schools for the 2008–09 fiscal year by a deficit factor of 7.839% and for the 2009–10 fiscal year by a deficit factor of 13.360%.

This bill would increase the deficit factor for each county superintendent of schools for the 2008–09 fiscal year to 11.183% and for the 2009–10 fiscal year to 17.313%.

(3) Existing law makes child development appropriations, with the exception of funds appropriated for the After School Learning and Safe Neighborhoods Partnerships Program and for CalWORKs child care available for expenditure for 3 years, except that funds remaining unencumbered at the end of the first fiscal year are required to revert to the General Fund. Existing law requires the Superintendent of Public Instruction to establish criteria and procedures for the reallocation of unearned contract funds in the 2nd and 3rd years of availability, in accordance with specified priorities.

This bill would repeal these provisions.

(4) Existing law appropriates funds to the County of Los Angeles to address the retention of qualified child care employees in state-subsidized child care centers and to licensed child care programs that serve a majority of children who receive subsidized child care services, including family day care homes. To qualify for use in licensed child care programs that serve a majority of children who receive subsidized child care services, the funds are required to meet specified requirements, including that they be appropriated in specified schedules of an item in specified Budget Acts.

This bill would change this requirement by instead requiring that the funds be appropriated in the annual Budget Act.

(5) Existing law requires cost of state-funded child care services to be governed by regional market rates. Beginning March 1, 2009, the regional market rate ceilings are required to be established at the 85th percentile of the 2007 regional market rate survey for that region, and

for the 2008–09 and 2009–10 fiscal years, the 85th percentile ceilings of the 2007 regional market rate survey for that region are required to remain in effect.

This bill would instead set the regional market rate ceiling at the 85th percentile of the 2005 regional market rate survey for that region and delete the ceilings set for the 2008–09 and 2009–10 fiscal years.

(6) Existing law requires the Department of Finance, by March 1 of each year, to provide to the State Department of Education the state median income amount for a 4-person household in California based on the best available data. The State Department of Education is required to adjust its fee schedule for child care providers to reflect this updated state median income.

This bill would prohibit changes from being implemented midyear.

(7) Existing law establishes the School Age Community Child Care Services Program for the provision of extended day care services.

This bill would make this program inoperative on September 1, 2009, or on the effective date of this bill, whichever is later, and would repeal it as of January 1, 2010.

(8) Existing law requires that the funds from the sale of surplus school real property be used for capital outlay or for costs of maintenance of prescribed school district property.

This bill until January 1, 2012, would authorize a school district to deposit from the sale of surplus school property, together with any personal property located on that property, purchased entirely with local funds, into the general fund of the school district and to use those proceeds for any one-time general fund purpose. The bill would make the district ineligible for hardship funding from the State School Deferred Maintenance Fund for 5 years after the date the proceeds are deposited into the district's general fund. The bill would require the State Allocation Board to reduce an apportionment of hardship assistance awarded to that district, as specified. Before exercising the authority granted by the bill, the governing board of the school district would be required to submit documents containing specified certifications to the State Allocation Board and, at a regularly scheduled meeting, present a plan for expending the proceeds of the sale.

(9) Existing law, for the 2003–04 and 2004–05 fiscal years, sets the minimum state requirement for a local educational agency's reserve for economic uncertainties at $\frac{1}{2}$ of the percentage for a reserve adopted by the State Board of Education as of May 1, 2003, and restores that

requirement, for the 2005–06 fiscal year, to the percentage adopted by the state board as of May 1, 2003.

This bill would set that requirement for the 2009–10 fiscal year at $\frac{1}{3}$ of the percentage for a reserve adopted by the state board as of May 1, 2009, and would require a school district to make progress in the 2011–12 fiscal year to returning to compliance with the specified standards and criteria adopted by the state board. The bill would restore the requirement, for the 2005–06 fiscal year, to the percentage adopted by the state board as of May 1, 2009.

(10) The California Constitution requires the state to apply a minimum amount of funding for each fiscal year for the support of school districts and community college districts. The amount of that minimum funding obligation is required to be determined pursuant to 1 of 3 tests, depending on certain economic factors. The California Constitution requires, in a fiscal year when the 3rd of these tests is applied or when the minimum funding obligation is suspended, school districts and community college districts are entitled to a maintenance factor, that is required to be equal to an amount determined pursuant to a specified calculation.

This bill would provide that a maintenance factor is required in any fiscal year in which the total amount of funding applied for the minimum funding obligation by the state for school districts and community college districts is less than the greater of the amounts computed pursuant to test 1 or test 2. The bill would provide that payment of the maintenance factor created in the 2008–09 fiscal year would not commence before July 1, 2011. The bill would require that any judicial action or proceeding to challenge, review, set aside, void, or annul these provision to proceed by application or complaint filed within 45 days of the effective date of this bill.

(11) Existing law requires the county superintendent of schools to determine a revenue limit for each school district in the county and requires the amount of the revenue limit to be adjusted for various factors. Existing law reduces the revenue limit for each school district for the 2008–09 fiscal year by a deficit factor of 7.844%, and for the 2009–10 fiscal year by a deficit factor of 13.094%.

This bill would instead reduce the revenue limit for each school district for the 2008–09 fiscal year by a deficit factor of 11.187%, and for the 2009–10 fiscal year by a deficit factor of 17.048%, and would set forth a mechanism by which basic aid school districts would assume

categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid school districts.

Existing law states the intent of the Legislature to fully fund the categorical block grant for charter schools and sets forth a mechanism to appropriate additional funding if needed for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils.

This bill would suspend until July 1, 2013, the statement of intent to fully fund the categorical block grant for charter schools and the mechanism for appropriating additional needed funding.

(13) Existing law prescribes the minimum length of time for the instructional school year and the minimum number of instructional minutes per schoolday. Existing law imposes fiscal penalties on school districts and county offices of education that fail to maintain those minimum instructional times per school year or schoolday.

This bill, commencing with the 2009–10 school year and continuing through the 2012–13 school year, would authorize a school district, county office of education, and charter school to reduce the equivalent of up to 5 days of instruction or the equivalent number of instructional minutes without incurring the fiscal penalties.

(14) Existing law establishes the Instructional Materials Funding Realignment Program that requires the State Department of Education to apportion funds to school districts and requires the governing board of a school district to use that funding to ensure that each pupil is provided with a standards-aligned textbook or basic instructional materials by the beginning of the first school term that commences no later than 24-months after those materials were adopted by the State Board of Education, except as specified. Existing law exempts, until July 1, 2010, school districts from the 24-month requirement.

This bill would extend that exemption until July 1, 2013, and would provide that the State Department of Education and the State Board of Education are prohibited from prohibiting a school, school district, county office of education, or charter school that has been identified for program improvement or corrective action under the federal No Child Left Behind Act of 2001 from implementing the exemption.

Existing law requires each pupil completing grade 12 to successfully pass the exit examination as a condition of receiving a diploma of graduation or a condition of graduation from high school. Existing law requires that each pupil take the high school exit examination in grade 10 and allows each pupil to take the examination during each

subsequent administration until each section of the examination has been passed.

This bill, commencing with the 2009–10 school year until June 30, 2013, would suspend the requirement that each pupil completing grade 12 pass the high school exit examination as a condition of receiving a diploma of graduation or a condition of graduation from high school and would continue requiring each pupil to take the high school exit examination in grade 10. The bill would redirect the expenditure of any remaining funds appropriated in the Budget Act of 2009 for the California high school exit examination to the STAR program, thereby making an appropriation.

(15) Existing law, the Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program (Cal Grant Program), establishes the Cal Grant A and B entitlement awards, the California Community College Transfer Cal Grant Entitlement awards, the Competitive Cal Grant A and B awards, the Cal Grant C awards, and the Cal Grant T awards under the administration of the Student Aid Commission, and establishes eligibility requirements for awards under these programs for participating students attending qualifying institutions.

Existing law sets forth the maximum household income and asset levels for participants in the various grant programs under the act. These maximum levels are set forth as they were adopted by the commission for the 2001–02 academic year, but have been annually adjusted based on the percentage change in the cost of living as defined in a specified provision of the California Constitution.

This bill would, with respect to the maximum household income and asset levels applicable to a Cal Grant A award, prohibit the commission from making the annual cost-of-living adjustment for the 2010–11 academic year.

(16) Existing law establishes the long-term policy of the Cal Grant Program, which sets forth, among other things, the maximum amounts of Cal Grant A and Cal Grant B awards for students attending nonpublic postsecondary institutions.

This bill would, commencing with the 2010–11 academic year, require the maximum Cal Grant A and Cal Grant B awards for students attending nonpublic institutions to be equal to \$9,223, or the amount as adjusted in subsequent annual budget acts.

(17) Existing law establishes community college districts under the administration of community college governing boards and authorizes these districts to provide instruction at community college campuses

throughout the state. Existing law requires the governing board of each community college district to charge each student, with specified exceptions, a fee of \$20 per unit per semester, effective with the spring term of the 2006–07 academic year.

This bill would increase that fee to \$26 per unit per semester, effective with the fall term of the 2009–10 academic year.

(18) Under existing law, the board of governors is required to develop criteria and standards for the purposes of making the annual budget request for the California Community Colleges to the Governor and the Legislature, pursuant to specified minimum requirements. Among those requirements, existing law requires, except as otherwise provided, that specified categorical programs providing direct services to students be funded separately through the annual Budget Act.

This bill would, for the 2009–10 to 2012–13 fiscal years, inclusive, authorize a community college district to use funds apportioned to the district for specified categorical programs for purposes of a prescribed list of programs. The bill would prescribe public hearing and reporting requirements as a condition of receiving these funds. The bill would require the Chancellor of the California Community Colleges to annually report these expenditures to the Department of Finance and the Legislature, as specified.

(19) Existing law requires the county superintendent of schools to approve, conditionally approve, or disapprove the adopted budget for each school district and requires the Superintendent of Public Instruction to review and certify the budget approved by the county superintendent of schools. Existing law requires the governing board of a school district to certify twice each fiscal year whether the district is able to meet its financial obligations for the remainder of the fiscal year and the subsequent fiscal year. The certification is required to be filed with the county superintendent of schools who is required to submit a qualified or negative certification to the Controller and Superintendent.

This bill, for the 2009–10 fiscal year, would prohibit a county superintendent of schools and the Superintendent of Public Instruction from assigning a qualified or negative certification to a local education agency based substantially on a projected loss of federal funds provided through the federal State Fiscal Stabilization Fund of the American Recovery and Reinvestment Act in the 2011–12 fiscal year. The bill would authorize the Superintendent to convene a standards and criteria

committee to modify the budget and financial review criteria to incorporate this change for the 2009–10 fiscal year.

(20) The bill would declare that the changes in law made by this bill would be operative commencing on July 1, 2009, and thus apply retroactively.

(21) The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2009.

This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2009.~~

~~The California Constitution authorizes the Governor to declare a fiscal emergency and to call the Legislature into special session for that purpose. The Governor issued a proclamation declaring a fiscal emergency, and calling a special session for this purpose, on December 19, 2008.~~

~~This bill would state that it addresses the fiscal emergency declared by the Governor by proclamation issued on December 19, 2008, pursuant to the California Constitution.~~

Vote: majority. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1240.3 of the Education Code is amended
2 to read:
3 1240.3. (a) For the purposes of Section 1240, for the 2008–09
4 ~~and 2009–10 to 2012–13~~ fiscal years, *inclusive*, sufficient textbooks
5 or instructional materials include standards-aligned textbooks or
6 instructional materials, or both, that were adopted prior to July 1,
7 2008, by the state board or local educational agency pursuant to
8 statute, unless those local educational agencies purchased or
9 arranged to purchase textbooks or instructional materials adopted
10 by the state board after that date. It is the intent of the Legislature
11 that each local educational agency provide each pupil with ~~the~~
12 ~~same state-adopted, standards-aligned-textbook~~ *textbooks* or

1 instructional material as is provided to every other pupil enrolled
2 in the same grade and same course offered by the local educational
3 agency materials from the same adoption, consistent with Sections
4 60119 and 60422. This section does not require a local educational
5 agency to purchase all of the instructional materials included in
6 an adoption if the materials that are purchased are made available
7 to all the pupils for whom they are intended in all of the schools
8 within the local educational agency.

9 (b) Notwithstanding Section 1240 or any other law, for the
10 2008–09 and 2009–10 to 2012–13 fiscal years, *inclusive*, a county
11 superintendent of schools, in making visits to schools as specified
12 in Section 1240, shall determine the status of sufficient textbooks
13 as defined in subdivision (a).

14 (c) This section shall become inoperative on July 1, 2010 2013,
15 and, as of January 1, 2011 2014, is repealed, unless a later enacted
16 statute that is enacted before January 1, 2011 2014, deletes or
17 extends the dates on which it becomes inoperative and is repealed.

18 SEC. 2. Section 2558.46 of the Education Code is amended to
19 read:

20 2558.46. (a) (1) For the 2003–04 fiscal year, the revenue limit
21 for each county superintendent of schools determined pursuant to
22 this article shall be reduced by a 1.195 percent deficit factor.

23 (2) For the 2004–05 fiscal year, the revenue limit for each county
24 superintendent of schools determined pursuant to this article shall
25 be reduced by a 0.323 percent deficit factor.

26 (3) For the 2003–04 and 2004–05 fiscal years, the revenue limit
27 for each county superintendent of schools determined pursuant to
28 this article shall be reduced further by a 1.826 percent deficit factor.

29 (4) For the 2005–06 fiscal year, the revenue limit for each county
30 superintendent of schools determined pursuant to this article shall
31 be reduced further by a 0.898 percent deficit factor.

32 (5) For the 2008–09 fiscal year, the revenue limit for each county
33 superintendent of schools determined pursuant to this article shall
34 be reduced by a 7.839 11.183 percent deficit factor.

35 (6) For the 2009–10 fiscal year, the revenue limit for each county
36 superintendent of schools determined pursuant to this article shall
37 be reduced by a 13.360 17.313 percent deficit factor.

38 (b) In computing the revenue limit for each county
39 superintendent of schools for the 2006–07 fiscal year pursuant to
40 this article, the revenue limit shall be determined as if the revenue

1 limit for that county superintendent of schools had been determined
2 for the 2003–04, 2004–05, and 2005–06 fiscal years without being
3 reduced by the deficit factors specified in subdivision (a).

4 (c) In computing the revenue limit for each county
5 superintendent of schools for the 2010–11 fiscal year pursuant to
6 this article, the revenue limit shall be determined as if the revenue
7 limit for that county superintendent of schools had been determined
8 for the 2009–10 fiscal year without being reduced by the deficit
9 factors specified in subdivision (a).

10 *SEC. 3. Section 8278 of the Education Code is repealed.*

11 ~~8278. (a) Notwithstanding any other provision of law, child~~
12 ~~development appropriations, with the exception of funds~~
13 ~~appropriated for the After School Learning and Safe~~
14 ~~Neighborhoods Partnerships Program pursuant to Article 22.5~~
15 ~~(commencing with Section 8482) and for CalWORKs child care~~
16 ~~pursuant to Sections 8353 and 8354, shall be available for~~
17 ~~expenditure for three years, except that funds remaining~~
18 ~~unencumbered at the end of the first fiscal year shall revert to the~~
19 ~~General Fund.~~

20 ~~(b) The Superintendent of Public Instruction shall establish~~
21 ~~criteria and procedures for the reallocation of unearned contract~~
22 ~~funds in the second and third years of availability, in accordance~~
23 ~~with the following priorities:~~

24 ~~(1) First, for the accounts payable of the State Department of~~
25 ~~Education.~~

26 ~~(2) Second, to reimburse alternative payment programs for the~~
27 ~~provision of additional services, in accordance with Section 8222.1.~~

28 ~~(3) Third, for one-time expenditures that will benefit children~~
29 ~~in subsidized child care, which include, but are not limited to, the~~
30 ~~purchase of materials approved by the State Department of~~
31 ~~Education for deferred and major maintenance of existing facilities,~~
32 ~~respite care, and implementation of capacity building activities,~~
33 ~~which include new facilities, training, and technical assistance.~~
34 ~~Notwithstanding any other provision of law, the allocation for~~
35 ~~these one-time expenditures may not be made unless approved in~~
36 ~~the annual Budget Act.~~

37 *SEC. 4. Section 8279.7 of the Education Code is amended to*
38 *read:*

39 8279.7. (a) The Legislature recognizes the importance of
40 providing quality child care services. It is, therefore, the intent of

1 the Legislature to assist counties in improving the retention of
2 qualified child care employees who work directly with children
3 who receive state-subsidized child care services.

4 (b) It is further the intent of the Legislature, in amending this
5 section during the ~~2005–06~~ 2009–10 Regular Session, to address
6 the unique challenges of the County of Los Angeles, in which an
7 estimated 60,000 low-income children receive subsidized child
8 care in nonstate-funded child care settings and an additional 50,000
9 eligible children are waiting for subsidized services.

10 (c) (1) Except as provided in paragraph (2), the funds
11 appropriated for the purposes of this section by paragraph (11) of
12 Schedule (b) of Item 6110-196-0001 of Section 2.00 of the Budget
13 Act of 2000 (Ch. 52, Stats. 2000), and that are described in
14 subdivision (i) of Provision 7 of that item, and any other funds
15 appropriated for purposes of this section, shall be allocated to local
16 child care and development planning councils based on the
17 percentage of state-subsidized, center-based child care funds
18 received in that county, and shall be used to address the retention
19 of qualified child care employees in state-subsidized child care
20 centers.

21 (2) Of the funds identified in paragraph (1), funds qualified
22 pursuant to subparagraphs (A) to (C), inclusive, may also be used
23 to address the retention of qualified persons working in licensed
24 child care programs that serve a majority of children who receive
25 subsidized child care services pursuant to this chapter, including,
26 but not limited to, family day care homes as defined in Section
27 1596.78 of the Health and Safety Code. To qualify for use pursuant
28 to this paragraph, the funds shall meet all of the following
29 requirements:

30 (A) The funds are allocated for use in the County of Los
31 Angeles.

32 (B) The funds are appropriated ~~either in paragraph (11) of~~
33 ~~Schedule (b) of Item 6110-196-0001 of Section 2.00 of the Budget~~
34 ~~Act of 2000 (Ch. 52, Stats. 2000) and are described in subdivision~~
35 ~~(i) of Provision 7 of that item, in paragraph (1) of Schedule (1.5)~~
36 ~~of Item 6110-196-0001 of Section 2.00 of the Budget Act of 2004~~
37 ~~(Ch. 208, Stats. 2004) and are described in subdivision (i) of~~
38 ~~Provision 7 of that item, in paragraph (1) of Schedule (1.5) of Item~~
39 ~~6110-196-0001 of Section 2.00 of the Budget Act of 2005 (Ch.~~
40 ~~38, Stats. 2005), in paragraph (1) of Schedule (1.5) of Item~~

~~6110-196-0001 of Section 2.00 of the Budget Act of 2006 and are described in subdivision (g) of Provision 5 of that item, and if funding is provided, in corresponding sections of the 2007 and 2008 Budget Acts in the annual Budget Act.~~

(C) The funds are unexpended after addressing the retention of qualified child care employees in state-subsidized child care centers and family child care home education networks.

(d) The department shall develop guidelines for use by local child care and development planning councils in developing county plans for the expenditure of funds allocated pursuant to this section. These guidelines shall be consistent with the department's assessment of the current needs of the subsidized child care workforce, and shall be subject to the approval of the Secretary for Education and the Department of Finance. Any county plan developed pursuant to these guidelines shall be approved by the department prior to the allocation of funds to the local child care and development planning council.

(e) Funds provided to a county for the purposes of this section shall be used in accordance with the plan approved pursuant to subdivision (d). A county with an approved plan may retain up to 1 percent of the county's total allocation made pursuant to this section for reimbursement of administrative expenses associated with the planning process.

(f) The Superintendent of Public Instruction shall provide an annual report, no later than April 10 of each year, to the Legislature, the Secretary for Education, the Department of Finance, and the Governor that includes, but is not limited to, a summary of the distribution of the funds by county and a description of the use of the funds.

SEC. 5. Section 8357 of the Education Code is amended to read:

8357. (a) The cost of child care services provided under this article shall be governed by regional market rates. Recipients of child care services provided pursuant to this article shall be allowed to choose the child care services of licensed child care providers or child care providers who are, by law, not required to be licensed, and the cost of that child care shall be reimbursed by counties or agencies that contract with the State Department of Education if the cost is within the regional market rate. For purposes of this section, "regional market rate" means care costing no more than

1 1.5 market standard deviations above the mean cost of care for
2 that region. ~~Beginning March 1, 2009, the~~ The regional market
3 rate ceilings shall be established at the 85th percentile of the ~~2007~~
4 ~~2005~~ regional market rate survey for that region. ~~For the 2008–09~~
5 ~~and 2009–10 fiscal years, the 85th percentile ceilings of the 2007~~
6 ~~regional market rate survey for that region shall remain in effect.~~

7 (b) Reimbursement to child care providers shall not exceed the
8 fee charged to private clients for the same service.

9 (c) Reimbursement shall not be made for child care services
10 when care is provided by parents, legal guardians, or members of
11 the assistance unit.

12 (d) A child care provider located on an Indian reservation or
13 rancheria and exempted from state licensing requirements shall
14 meet applicable tribal standards.

15 (e) For purposes of this section, “reimbursement” means a direct
16 payment to the provider of child care services, including license
17 exempt-providers. If care is provided in the home of the recipient,
18 payment may be made to the parent as the employer, and the parent
19 shall be informed of his or her concomitant legal and financial
20 reporting requirements. To allow time for the development of the
21 administrative systems necessary to issue direct payments to
22 providers, for a period not to exceed six months from the effective
23 date of this article, a county or an alternative payment agency
24 contracting with the State Department of Education may reimburse
25 the cost of child care services through a direct payment to a
26 recipient of aid rather than to the child care provider.

27 (f) Counties and alternative payment programs shall not be
28 bound by the rate limits described in subdivision (a) when there
29 are, in the region, no more than two child care providers of the
30 type needed by the recipient of child care services provided under
31 this article.

32 *SEC. 6. Section 8447 of the Education Code is amended to*
33 *read:*

34 8447. (a) The Legislature hereby finds and declares that greater
35 efficiencies may be achieved in the execution of state subsidized
36 child care and development program contracts with public and
37 private agencies by the timely approval of contract provisions by
38 the Department of Finance, the Department of General Services,
39 and the State Department of Education and by authorizing the State
40 Department of Education to establish a multiyear application,

1 contract expenditure, and service review as may be necessary to
2 provide timely service while preserving audit and oversight
3 functions to protect the public welfare.

4 (b) (1) The Department of Finance and the Department of
5 General Services shall approve or disapprove annual contract
6 funding terms and conditions, including both family fee schedules
7 and regional market rate schedules that are required to be adhered
8 to by contract, and contract face sheets submitted by the State
9 Department of Education not more than 30 working days from the
10 date of submission, unless unresolved conflicts remain between
11 the Department of Finance, the State Department of Education,
12 and the Department of General Services. The State Department of
13 Education shall resolve conflicts within an additional 30 working
14 day time period. Contracts and funding terms and conditions shall
15 be issued to child care contractors no later than June 1. Applications
16 for new child care funding shall be issued not more than 45
17 working days after the effective date of authorized new allocations
18 of child care moneys.

19 (2) Notwithstanding paragraph (1), ~~for the 2008–09 fiscal year,~~
20 the State Department of Education shall implement the regional
21 market rate schedules based upon the county aggregates, as
22 determined by the Regional Market survey conducted in ~~2007~~
23 ~~2005~~.

24 (3) Notwithstanding paragraph (1), for the 2006–07 fiscal year,
25 the State Department of Education shall update the family fee
26 schedules by family size, based on the 2005 state median income
27 survey data for a family of four. The family fee schedule used
28 during the 2005–06 fiscal year shall remain in effect. However,
29 the department shall adjust the family fee schedule for families
30 that are newly eligible to receive or will continue to receive services
31 under the new income eligibility limits. The family fees shall not
32 exceed 10 percent of the family’s monthly income.

33 (4) It is the intent of the Legislature to fully fund the third stage
34 of child care for former CalWORKs recipients.

35 (c) With respect to subdivision (b), it is the intent of the
36 Legislature that the Department of Finance annually review
37 contract funding terms and conditions for the primary purpose of
38 ensuring consistency between child care contracts and the child
39 care budget. This review, shall include evaluating any proposed
40 changes to contract language or other fiscal documents to which

1 the contractor is required to adhere, including those changes to
2 terms or conditions that authorize higher reimbursement rates, that
3 modify related adjustment factors, that modify administrative or
4 other service allowances, or that diminish fee revenues otherwise
5 available for services, to determine if the change is necessary or
6 has the potential effect of reducing the number of full-time
7 equivalent children that may be served.

8 (d) Alternative payment child care systems, as set forth in Article
9 3 (commencing with Section 8220), shall be subject to the rates
10 established in the Regional Market Rate Survey of California Child
11 Care Providers for provider payments. The State Department of
12 Education shall contract to conduct and complete a Regional
13 Market Rate Survey no more frequently than once every two years,
14 consistent with federal regulations, with a goal of completion by
15 March 1.

16 (e) By March 1 of each year, the Department of Finance shall
17 provide to the State Department of Education the State Median
18 Income amount for a four-person household in California based
19 on the best available data. The State Department of Education shall
20 adjust its fee schedule for child care providers to reflect this
21 updated state median income; *however, no changes based on*
22 *revisions to the state median income amount shall be implemented*
23 *midyear.*

24 (f) Notwithstanding the June 1 date specified in subdivision (b),
25 changes to the regional market rate schedules and fee schedules
26 may be made at any other time to reflect the availability of accurate
27 data necessary for their completion, provided these documents
28 receive the approval of the Department of Finance. The Department
29 of Finance shall review the changes within 30 working days of
30 submission and the State Department of Education shall resolve
31 conflicts within an additional 30 working day period. Contractors
32 shall be given adequate notice prior to the effective date of the
33 approved schedules. It is the intent of the Legislature that contracts
34 for services not be delayed by the timing of the availability of
35 accurate data needed to update these schedules.

36 (g) Notwithstanding any other provision of law, no family
37 receiving CalWORKs cash aid may be charged a family fee.

38 *SEC. 7. Section 8481 is added to the Education Code, to*
39 *immediately follow Section 8480, to read:*

1 8481. *This article shall become inoperative on September 1,*
2 *2009, or on the date that the act adding this section becomes*
3 *effective, whichever date is later, and, as of January 1, 2010, is*
4 *repealed, unless a later enacted statute, that becomes operative*
5 *on or before January 1, 2010, deletes or extends the dates on which*
6 *it becomes inoperative and is repealed.*

7 SEC. 8. *Section 17463.7 is added to the Education Code, to*
8 *read:*

9 17463.7. (a) *Notwithstanding any other law, a school district*
10 *may deposit the proceeds from the sale of surplus real property,*
11 *together with any personal property located on the property,*
12 *purchased entirely with local funds, into the general fund of the*
13 *school district and may use the proceeds for any one-time general*
14 *fund purpose. If the purchase of the property was made using the*
15 *proceeds of a local general obligation bond or revenue derived*
16 *from developer fees, the amount of the proceeds of the transaction*
17 *that may be deposited into the general fund of the school district*
18 *may not exceed the percentage computed by the difference between*
19 *the purchase price of the property and the proceeds from the*
20 *transaction, divided by the amount of the proceeds of the*
21 *transaction. For the purposes of this section, proceeds of the*
22 *transaction means either of the following, as appropriate:*

23 (1) *The amount realized from the sale of property after*
24 *reasonable expenses related to the sale.*

25 (2) *For a transaction that does not result in a lump-sum payment*
26 *of the proceeds of the transaction, the proceeds of the transaction*
27 *shall be calculated as the net present value of the future cashflow*
28 *generated by the transaction.*

29 (b) *The State Allocation Board shall reduce an apportionment*
30 *of hardship assistance awarded to the particular school district*
31 *pursuant to Article 8 (commencing with Section 17075.10) by an*
32 *amount equal to the amount of the sale of surplus real property*
33 *used for a one-time expenditure of the school district pursuant to*
34 *this section.*

35 (c) *If the school district exercises the authority granted pursuant*
36 *to this section, the district is ineligible for hardship funding from*
37 *the State School Deferred Maintenance Fund under Section 17587*
38 *for five years after the date proceeds are deposited into the general*
39 *fund pursuant to this section.*

1 (d) Before a school district exercises the authority granted
2 pursuant to this section, the governing board of the school district
3 shall first submit to the State Allocation Board documents certifying
4 the following:

5 (1) The school district has no major deferred maintenance
6 requirements not covered by existing capital outlay resources.

7 (2) The sale of real property pursuant to this section does not
8 violate the provisions of a local bond act.

9 (3) The real property is not suitable to meet projected school
10 construction needs for the next 10 years.

11 (e) Before the school district exercises the authority granted
12 pursuant to this section, the governing board of the school district
13 at a regularly scheduled meeting shall present a plan for expending
14 one-time resources pursuant to this section. The plan shall identify
15 the source and use of the funds and describe the reasons why the
16 expenditure will not result in ongoing fiscal obligations for the
17 school district.

18 (f) The Office of Public School Construction shall submit an
19 interim and a final report to the State Allocation Board and the
20 budget, education policy, and fiscal committees of the Legislature
21 that identifies the school districts that have exercised the authority
22 granted by this section, the amount of proceeds involved, and the
23 purpose for which those proceeds were used. The interim report
24 shall be submitted by January 1, 2011, and the final report by
25 January 1, 2012.

26 (g) This section shall remain in effect only until January 1, 2012,
27 and as of that date is repealed, unless a later enacted statute, that
28 is enacted before January 1, 2012, deletes or extends that date.

29 SEC. 9. Section 33128.3 of the Education Code is amended to
30 read:

31 33128.3. (a) Notwithstanding the standards and criteria adopted
32 pursuant to paragraph (3) of subdivision (a) of Section 33128, for
33 the ~~2003-04 and 2004-05 fiscal years~~ 2009-10 fiscal year, the
34 minimum state requirement for a reserve for economic uncertainties
35 is ~~one-half~~ one-third of the percentage for a reserve adopted by
36 the ~~State Board of Education~~ state board pursuant to Section 33128
37 as of May 1, ~~2003~~ 2009.

38 (b) The school district shall make progress, in the 2010-11
39 fiscal year, toward returning to compliance with the standards

1 *and criteria adopted pursuant to paragraph (3) of subdivision (a)*
2 *of Section 33128.*

3 ~~(b)~~

4 *(c) For the ~~2005–06~~ 2011–12 fiscal year, the minimum state*
5 *requirement for a reserve for economic uncertainties shall be*
6 *restored to the percentage adopted by the ~~State Board of Education~~*
7 *state board pursuant to Section 33128 as of May 1–~~2003~~ 2009.*

8 *(d) This section shall become inoperative on July 1, 2012, and,*
9 *as of January 1, 2013, is repealed, unless a later enacted statute,*
10 *that becomes operative on or before January 1, 2013, deletes or*
11 *extends the dates on which it becomes inoperative and is repealed.*

12 *SEC. 10. Section 41202.5 is added to the Education Code, to*
13 *read:*

14 *41202.5. (a) Pursuant to subdivision (d) of Section 8 of Article*
15 *XVI of the California Constitution, in any fiscal year in which the*
16 *total amount of funding applied by the state for school districts*
17 *and community college districts pursuant to subdivision (b) of*
18 *Section 8 of Article XVI of the California Constitution is less than*
19 *the greater of the amounts computed pursuant to paragraph (1)*
20 *or paragraph (2) of subdivision (b) of Section 8 of Article XVI of*
21 *the California Constitution, they shall be entitled to a maintenance*
22 *factor, equal to the General Fund difference between (1) the*
23 *greater of the amounts computed pursuant to paragraph (1) or*
24 *paragraph (2) of subdivision (b) of Section 8 of Article XVI of the*
25 *California Constitution and (2) the amount of General Fund*
26 *moneys actually appropriated to school districts and community*
27 *college districts in that fiscal year.*

28 *(b) The amount of the maintenance factor created pursuant to*
29 *subdivision (d) of Section 8 of Article XVI of the California*
30 *Constitution in the 2008–09 fiscal year shall be determined in the*
31 *manner set forth in subdivision (a) as if subdivision (a) had been*
32 *in effect in that fiscal year; provided, however, that any payment*
33 *or allocation pursuant to subdivision (e) of Section 8 of Article*
34 *XVI of the California Constitution of the maintenance factor*
35 *determined pursuant to this subdivision shall not commence before*
36 *July 1, 2011, and no payment or allocation shall occur for the*
37 *2009–10 and 2010–11 fiscal years.*

38 *SEC. 11. Section 42238.146 of the Education Code is amended*
39 *to read:*

42238.146. (a) (1) For the 2003–04 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 1.198 percent deficit factor.

(2) For the 2004–05 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.323 percent deficit factor.

(3) For the 2003–04 and 2004–05 fiscal years, the revenue limit for each school district determined pursuant to this article shall be further reduced by a 1.826 percent deficit factor.

(4) For the 2005–06 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a 0.892 percent deficit factor.

(5) For the 2008–09 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a ~~7.844~~ 11.187 percent deficit factor.

(6) For the 2009–10 fiscal year, the revenue limit for each school district determined pursuant to this article shall be reduced by a ~~13.094~~ 17.048 percent deficit factor.

(b) In computing the revenue limit for each school district for the 2006–07 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2003–04, 2004–05, and 2005–06 fiscal years without being reduced by the deficit factors specified in subdivision (a).

(c) In computing the revenue limit for each school district for the 2010–11 fiscal year pursuant to this article, the revenue limit shall be determined as if the revenue limit for that school district had been determined for the 2009–10 fiscal year without being reduced by the deficit factors specified in subdivision (a).

SEC. 12. Section 46201.2 is added to the Education Code, to read:

46201.2. (a) Commencing with the 2009–10 school year and continuing through the 2012–13 school year, a school district, county office of education, and charter school may reduce the equivalent of up to five days of instruction or the equivalent number of instructional minutes without incurring the penalties set forth in Sections 46200 and 46201. A school district, county office of education, or charter school shall receive revenue limit funding based on the adjustments prescribed pursuant to Section 42238.146

1 *whether or not it reduces the number of schooldays or instructional*
2 *minutes.*

3 *This section shall become inoperative on July 1, 2013, and, as*
4 *of January 1, 2014, is repealed, unless a later enacted statute, that*
5 *becomes operative on or before January 1, 2014, deletes or extends*
6 *the dates on which it becomes inoperative and is repealed.*

7 *SEC. 13. Section 47634.1 of the Education Code is amended*
8 *to read:*

9 47634.1. (a) Notwithstanding subdivision (a) of Section 47634,
10 a categorical block grant for charter schools for the 2005–06 fiscal
11 year shall be calculated as follows:

12 (1) The Superintendent shall divide the total amount of funding
13 appropriated for the purpose of this block grant in the annual
14 Budget Act or another statute, less the total amount calculated in
15 paragraph (2), by the statewide total of charter school average
16 daily attendance, as determined at the second principal
17 apportionment for the 2005–06 fiscal year.

18 (2) The statewide average amount, as computed by the
19 Superintendent, of funding per identified educationally
20 disadvantaged pupil received by school districts in the current
21 fiscal year pursuant to Article 2 (commencing with Section 54020)
22 of Chapter 1 of Part 29. This amount shall be multiplied by the
23 number of educationally disadvantaged pupils enrolled in the
24 charter school. The resulting amount, if greater than zero, may not
25 be less than the minimum amount of Economic Impact Aid funding
26 to which a school district of similar size would be entitled pursuant
27 to Section 54022. For purposes of this subdivision, a pupil who is
28 eligible for subsidized meals pursuant to Section 49552 and is
29 identified as an English learner pursuant to subdivision (a) of
30 Section 306 shall count as two pupils.

31 (3) For each charter school, the Superintendent shall multiply
32 the amount calculated in paragraph (1) by the school's average
33 daily attendance as determined at the second principal
34 apportionment for the 2005–06 fiscal year.

35 (4) The Superintendent shall add the amounts computed in
36 paragraphs (2) and (3). The resulting amount shall be the charter
37 school categorical block grant that the Superintendent shall
38 apportion to each charter school from funds appropriated for this
39 purpose in the annual Budget Act or another statute. The
40 Superintendent shall allocate an advance payment of this grant as

1 early as possible, but no later than October 31, 2005, based on
2 prior year average daily attendance as determined at the second
3 principal apportionment or, for a charter school in its first year of
4 operation that commences instruction on or before September 30,
5 2005, on estimates of average daily attendance for the current fiscal
6 year determined pursuant to Section 47652.

7 (b) (1) For the 2006–07 fiscal year, the categorical block grant
8 allocated by the Superintendent for charter schools shall be four
9 hundred dollars (\$400) per unit of charter school average daily
10 attendance as determined at the second principal apportionment
11 for the 2006–07 fiscal year. This amount shall be supplemented
12 by the amount calculated in paragraph (2).

13 (2) The statewide average amount, as computed by the
14 Superintendent, of funding per economic impact aid-eligible pupil
15 count received by school districts in the current fiscal year,
16 pursuant to Article 2 (commencing with Section 54020) of Chapter
17 1 of Part 29, shall be multiplied by the number of economic impact
18 aid-eligible pupils enrolled in the charter school. The resulting
19 amount, if greater than zero, may not be less than the minimum
20 amount of Economic Impact Aid funding to which a school district
21 of similar size would be entitled pursuant to Section 54022.

22 (c) (1) For the 2007–08 fiscal year, the categorical block grant
23 allocated by the Superintendent for charter schools shall be five
24 hundred dollars (\$500) per unit of charter school average daily
25 attendance as determined at the second principal apportionment
26 for the 2007–08 fiscal year. For each fiscal year thereafter, this
27 per unit amount shall be adjusted for the cost-of-living adjustment,
28 as determined pursuant to Section 42238.1, for that fiscal year.
29 This amount shall be supplemented in the 2007–08 fiscal year and
30 each fiscal year thereafter by the amount calculated in paragraph
31 (2).

32 (2) The statewide average amount, as computed by the
33 Superintendent, of funding per economic impact aid-eligible pupil
34 count received by school districts in the current year, pursuant to
35 Article 2 (commencing with Section 54020) of Chapter 1 of Part
36 29, shall be multiplied by the number of economic impact
37 aid-eligible pupils enrolled in the charter school. The resulting
38 amount, if greater than zero, may not be less than the minimum
39 amount of Economic Impact Aid funding to which a school district
40 of similar size would be entitled pursuant to Section 54022.

~~(d) It is the intent of the Legislature to fully fund the categorical block grant for charter schools as specified in this section and to appropriate additional funding that may be needed in order to compensate for unanticipated increases in average daily attendance and counts of economic impact aid-eligible pupils, pursuant to Article 2 (commencing with Section 54020) of Chapter 1 of Part 29, in charter schools. In any fiscal year in which the department identifies a deficiency in the categorical block grant, the department shall identify the available balance for programs that count towards meeting the requirements of Section 8 of Article XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.~~

~~(e)~~

~~(d)~~ Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

~~(f)~~

~~(e)~~ Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

~~(f)~~ *This section shall become inoperative on July 1, 2013, and, as of January 1, 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, 2014, deletes or extends the dates on which it becomes inoperative and is repealed.*

SEC. 14. Section 47634.1 is added to the Education Code, to read:

47634.1. (a) Notwithstanding subdivision (a) of Section 47634, a categorical block grant for charter schools for the 2005–06 fiscal year shall be calculated as follows:

1 (1) *The Superintendent shall divide the total amount of funding*
2 *appropriated for the purpose of this block grant in the annual*
3 *Budget Act or another statute, less the total amount calculated in*
4 *paragraph (2), by the statewide total of charter school average*
5 *daily attendance, as determined at the second principal*
6 *apportionment for the 2005–06 fiscal year.*

7 (2) *The statewide average amount, as computed by the*
8 *Superintendent, of funding per identified educationally*
9 *disadvantaged pupil received by school districts in the current*
10 *fiscal year pursuant to Article 2 (commencing with Section 54020)*
11 *of Chapter 1 of Part 29. This amount shall be multiplied by the*
12 *number of educationally disadvantaged pupils enrolled in the*
13 *charter school. The resulting amount, if greater than zero, shall*
14 *not be less than the minimum amount of Economic Impact Aid*
15 *funding to which a school district of similar size would be entitled*
16 *pursuant to Section 54022. For purposes of this subdivision, a*
17 *pupil who is eligible for subsidized meals pursuant to Section*
18 *49552 and is identified as an English learner pursuant to*
19 *subdivision (a) of Section 306 shall count as two pupils.*

20 (3) *For each charter school, the Superintendent shall multiply*
21 *the amount calculated in paragraph (1) by the school's average*
22 *daily attendance as determined at the second principal*
23 *apportionment for the 2005–06 fiscal year.*

24 (4) *The Superintendent shall add the amounts computed in*
25 *paragraphs (2) and (3). The resulting amount shall be the charter*
26 *school categorical block grant that the Superintendent shall*
27 *apportion to each charter school from funds appropriated for this*
28 *purpose in the annual Budget Act or another statute. The*
29 *Superintendent shall allocate an advance payment of this grant*
30 *as early as possible, but no later than October 31, 2005, based on*
31 *prior year average daily attendance as determined at the second*
32 *principal apportionment or, for a charter school in its first year*
33 *of operation that commences instruction on or before September*
34 *30, 2005, on estimates of average daily attendance for the current*
35 *fiscal year determined pursuant to Section 47652.*

36 (b) (1) *For the 2006–07 fiscal year, the categorical block grant*
37 *allocated by the Superintendent for charter schools shall be four*
38 *hundred dollars (\$400) per unit of charter school average daily*
39 *attendance as determined at the second principal apportionment*

1 *for the 2006–07 fiscal year. This amount shall be supplemented*
2 *by the amount calculated in paragraph (2).*

3 *(2) The statewide average amount, as computed by the*
4 *Superintendent, of funding per economic impact aid-eligible pupil*
5 *count received by school districts in the current fiscal year,*
6 *pursuant to Article 2 (commencing with Section 54020) of Chapter*
7 *1 of Part 29, shall be multiplied by the number of economic impact*
8 *aid-eligible pupils enrolled in the charter school. The resulting*
9 *amount, if greater than zero, shall not be less than the minimum*
10 *amount of Economic Impact Aid funding to which a school district*
11 *of similar size would be entitled pursuant to Section 54022.*

12 *(c) (1) For the 2007–08 fiscal year, the categorical block grant*
13 *allocated by the Superintendent for charter schools shall be five*
14 *hundred dollars (\$500) per unit of charter school average daily*
15 *attendance as determined at the second principal apportionment*
16 *for the 2007–08 fiscal year. For each fiscal year thereafter, this*
17 *per unit amount shall be adjusted for the cost-of-living adjustment,*
18 *as determined pursuant to Section 42238.1, for that fiscal year.*
19 *This amount shall be supplemented in the 2007–08 fiscal year and*
20 *each fiscal year thereafter by the amount calculated in paragraph*
21 *(2).*

22 *(2) The statewide average amount, as computed by the*
23 *Superintendent, of funding per economic impact aid-eligible pupil*
24 *count received by school districts in the current year, pursuant to*
25 *Article 2 (commencing with Section 54020) of Chapter 1 of Part*
26 *29, shall be multiplied by the number of economic impact*
27 *aid-eligible pupils enrolled in the charter school. The resulting*
28 *amount, if greater than zero, shall not be less than the minimum*
29 *amount of Economic Impact Aid funding to which a school district*
30 *of similar size would be entitled pursuant to Section 54022.*

31 *(d) It is the intent of the Legislature to fully fund the categorical*
32 *block grant for charter schools as specified in this section and to*
33 *appropriate additional funding that may be needed in order to*
34 *compensate for unanticipated increases in average daily*
35 *attendance and counts of economic impact aid-eligible pupils,*
36 *pursuant to Article 2 (commencing with Section 54020) of Chapter*
37 *1 of Part 29, in charter schools. In any fiscal year in which the*
38 *department identifies a deficiency in the categorical block grant,*
39 *the department shall identify the available balance for programs*
40 *that count towards meeting the requirements of Section 8 of Article*

XVI of the California Constitution and have unobligated funds for the year. On or before July 1, the department shall provide the Department of Finance with a list of those programs and their available balances, and the amount of the deficiency, if any, in the categorical block grant. Within 45 days of the receipt of a notification of deficiency, the Director of Finance shall verify the amount of the deficiency in the categorical block grant and direct the Controller to transfer an amount, equal to the lesser of the amount available or the amount needed to fully fund the categorical block grant, from those programs to the categorical block grant. The Department of Finance shall notify the Joint Legislative Budget Committee within 30 days of any transfer made pursuant to this section.

(e) Commencing October 1, 2007, the Legislative Analyst's Office shall triennially convene a work group to review, commencing with appropriations proposed for the 2008–09 fiscal year, the appropriateness of the funding level provided by the categorical block grant established in this section.

(f) Categorical block grant funding may be used for any purpose determined by the governing body of the charter school.

(g) This section shall become operative on July 1, 2013.

SEC. 15. Section 60422.1 of the Education Code is amended to read:

60422.1. (a) (1) It is the intent of the Legislature that, due to the state's severe budget crisis, the governing board of a school district have maximum flexibility to purchase instructional materials for pupils in kindergarten and grades 1 to 12, inclusive. ~~Notwithstanding~~

(2) It is also the intent of the Legislature that this section not prohibit the governing board of a school district from purchasing standards-aligned instructional materials for pupils in kindergarten and grades 1 to 12, inclusive.

(b) Notwithstanding subdivision (i) of Section 60200, Section 60422, or any other provision of law, for the 2008–09 and 2009–10 to 2012–13 fiscal years, inclusive, the governing board of a school district is not required to provide pupils with instructional materials by a specified period of time following adoption of those materials by the state board.

~~(b)~~

(c) Notwithstanding subdivision (a), this section does not relieve school districts of their obligations under the law to provide every pupil with standards-aligned textbooks or instructional materials, as provided in Section 60119.

~~(e)~~

(d) This section does not relieve school districts of the obligation to hold a public hearing or hearings pursuant to subparagraphs (A) and (B) of paragraph (1) of subdivision (a) of Section 60119.

(e) Notwithstanding any other law, the department and the state board shall not prohibit a school, school district, county office of education, or charter school identified for program improvement pursuant to the federal No Child Left Behind Act of 2001 (20 U.S.C. Sec. 6301 et seq.) or sanctioned pursuant to subdivision (c) of Section 52055.57 from implementing the time period for purchasing instructional materials pursuant to this section.

~~(d)~~

(f) This section shall become inoperative on July 1, ~~2010~~ 2013, and, as of January 1, ~~2011~~ 2014, is repealed, unless a later enacted statute, that becomes operative on or before January 1, ~~2011~~ 2014, deletes or extends the dates on which it becomes inoperative and is repealed.

SEC. 16. Section 60422.2 is added to the Education Code, to read:

60422.2. (a) Notwithstanding any other law, commencing with the 2013–14 fiscal year, for each content area for which the state board adopts instructional materials, the governing board of each school district shall comply with either of the following:

(1) Purchase instructional materials adopted by the state board between January 1, 2005, and December 31, 2010, inclusive.

(2) Purchase instructional materials adopted by the state board between January 1, 2011, and December 31, 2016, inclusive.

(b) In meeting the requirements of subdivision (a), the governing board of a school district shall provide pupils with standards-aligned textbooks or basic instructional materials in each content area by the beginning of the first school term that commences no later than 24 months after those materials in each content area were adopted by the state board in the time period specified in paragraph (2) of subdivision (a).

1 (c) *This section shall remain in effect only until January 1, 2019,*
2 *and as of that date is repealed, unless a later enacted statute, that*
3 *is enacted before January 1, 2019, deletes or extends that date.*

4 SEC. 17. *Section 60851.5 is added to the Education Code, to*
5 *read:*

6 60851.5. (a) *Notwithstanding any other law, commencing with*
7 *the 2009–10 school year and until June 30, 2013, each pupil*
8 *completing grade 12 is not required to pass the high school exit*
9 *examination established pursuant to Section 60850 as a condition*
10 *of receiving a diploma of graduation or a condition of graduation*
11 *from high school.*

12 (b) *Commencing with the 2009–10 school year and until June*
13 *30, 2013, each pupil shall take the high school exit examination*
14 *only in grade 10. Funding for the administration of the high school*
15 *exit examination in grade 10 shall be provided in the annual*
16 *Budget Act. The Superintendent shall apportion funds appropriated*
17 *for this purpose to enable school districts to meet the requirements*
18 *of this subdivision and subdivisions (c) and (d). The state board*
19 *shall establish the amount of funding to be apportioned per test*
20 *administered, based on a review of the cost per test.*

21 (c) *The high school exit examination shall be offered in each*
22 *public school and state special school that provides instruction in*
23 *grade 10 on only one date designated by the Superintendent. The*
24 *Superintendent may designate a total of two makeup dates. An exit*
25 *examination may not be administered on any date other than those*
26 *designated by the Superintendent as examination dates or makeup*
27 *dates. For purposes of this section, “date” means a two-day*
28 *administration.*

29 (d) *The results of the high school exit examination in grade 10*
30 *shall be provided to each pupil taking the examination within eight*
31 *weeks of the examination administration.*

32 (e) *This section shall become inoperative on July 1, 2013, and,*
33 *as of January 1, 2014, is repealed, unless a later enacted statute,*
34 *that becomes operative on or before January 1, 2014, deletes or*
35 *extends the dates on which it becomes inoperative and is repealed.*

36 SEC. 18. *Section 66021.2 of the Education Code is amended*
37 *to read:*

38 66021.2. *Consistent with the state’s historic commitment to*
39 *provide educational opportunity by ensuring both student access*
40 *to and selection of an institution of higher education for students*

1 with financial need, the long-term policy of the
2 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
3 established pursuant to Chapter 1.7 (commencing with Section
4 69430) of Part 42 shall be as follows:

5 ~~(a) Commencing with the 2001–02 academic year and every~~
6 ~~year thereafter, an~~ An applicant for a Cal Grant A or B award shall
7 receive an award that is not in excess of the financial need amount
8 determined by the Student Aid Commission pursuant to Section
9 69432.9 if he or she complies with all of the following
10 requirements:

11 (1) Demonstrates financial need under the criteria adopted
12 pursuant to Section 69432.9.

13 (2) Attains a grade point average, as defined in Section 69432.7,
14 meeting the requirements of Chapter 1.7 (commencing with Section
15 69430) of Part 42.

16 (3) Complies with each of the eligibility criteria applicable to
17 the type of Cal Grant award for which he or she is applying.

18 (b) (1) The maximum Cal Grant A award for a student attending
19 the University of California or the California State University shall
20 equal the mandatory systemwide fees in each of those segments.

21 (2) The maximum Cal Grant B award for a student to which
22 this subdivision is applicable shall equal the mandatory systemwide
23 fees in the segment attended by the student, except for community
24 college students who receive waivers from the Board of Governors
25 of the California Community Colleges, plus the access award
26 calculated as specified in Article 3 (commencing with Section
27 69435) of Chapter 1.7 of Part 42, except that in the first year of
28 enrollment in a qualifying institution, the maximum award shall
29 be only for the amount of the access award.

30 (c) The maximum Cal Grant awards for students attending
31 nonpublic institutions shall be as follows:

32 (1) ~~The Commencing with the 2010–11 academic year, the~~
33 maximum Cal Grant A award *for all recipients, including renewal*
34 *awards*, shall equal ~~the tuition award level established in the~~
35 ~~Budget Act of 2000~~ *nine thousand two hundred twenty-three*
36 *dollars (\$9,223)*, or the amount as adjusted in subsequent annual
37 budget acts.

38 (2) ~~The Commencing with the 2010–11 academic year, the~~
39 maximum Cal Grant B award *for all recipients, including renewal*
40 *awards*, shall equal ~~the amount of the tuition award as established~~

1 ~~in the Budget Act of 2000~~ *nine thousand two hundred twenty-three*
2 *dollars (\$9,223)*, or the amount as adjusted in subsequent annual
3 budget acts, plus the amount of the access costs specified in Section
4 69435, except that, in the first year of enrollment in a qualifying
5 institution, the maximum award shall be only for the amount of
6 the access award.

7 (d) ~~Commencing with the 2000–01 academic year, and each~~
8 ~~academic year thereafter, the~~ *The* Cal Grant C award shall be
9 utilized only for occupational or technical training.

10 (e) ~~Commencing with the 2000–01 academic year, and each~~
11 ~~academic year thereafter, the~~ *The* Cal Grant T award shall be used
12 only for one academic year of full-time attendance in a program
13 of professional preparation that has been approved by the California
14 Commission on Teacher Credentialing.

15 (f) An institution of higher education in this state that
16 participates in the Ortiz-Pacheco-Poochigian-Vasconcellos Cal
17 Grant Program shall not reduce its level of per capita need-based
18 institutional financial aid to undergraduate students, excluding
19 loans, below the total level awarded in the 2000–01 academic year.

20 (g) The implementation of the policy set forth in this section
21 shall maintain a balance between the state’s policy goals of
22 ensuring student access to and selection of an institution of higher
23 education for students with financial need and academic merit.

24 (h) It is the policy of the State of California that the
25 Ortiz-Pacheco-Poochigian-Vasconcellos Cal Grant Program
26 supplement the federal Pell Grant program.

27 (i) An award under the Ortiz-Pacheco-Poochigian-Vasconcellos
28 Cal Grant Program shall not guarantee admission to an institution
29 of higher education or admission to a specific campus or program.

30 *SEC. 19. Section 69432.7 of the Education Code is amended*
31 *to read:*

32 69432.7. As used in this chapter, the following terms have the
33 following meanings:

34 (a) An “academic year” is July 1 to June 30, inclusive. The
35 starting date of a session shall determine the academic year in
36 which it is included.

37 (b) “Access costs” means living expenses and expenses for
38 transportation, supplies, and books.

39 (c) “Award year” means one academic year, or the equivalent,
40 of attendance at a qualifying institution.

(d) “College grade point average” and “community college grade point average” mean a grade point average calculated on the basis of all college work completed, except for nontransferable units and courses not counted in the computation for admission to a California public institution of higher education that grants a baccalaureate degree.

(e) “Commission” means the Student Aid Commission.

(f) “Enrollment status” means part-time status or full-time status.

(1) Part time, for purposes of Cal Grant eligibility, is defined as 6 to 11 semester units, inclusive, or the equivalent.

(2) Full time, for purposes of Cal Grant eligibility, is defined as 12 or more semester units or the equivalent.

(g) “Expected family contribution,” with respect to an applicant, shall be determined using the federal methodology pursuant to subdivision (a) of Section 69506 (as established by Title IV of the federal Higher Education Act of 1965, as amended (20 U.S.C. Sec. 1070 et seq.)) and applicable rules and regulations adopted by the commission.

(h) “High school grade point average” means a grade point average calculated on a 4.0 scale, using all academic coursework, for the sophomore year, the summer following the sophomore year, the junior year, and the summer following the junior year, excluding physical education, reserve officer training corps (ROTC), and remedial courses, and computed pursuant to regulations of the commission. However, for high school graduates who apply after their senior year, “high school grade point average” includes senior year coursework.

(i) “Instructional program of not less than one academic year” means a program of study that results in the award of an associate or baccalaureate degree or certificate requiring at least 24 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(j) “Instructional program of not less than two academic years” means a program of study that results in the award of an associate or baccalaureate degree requiring at least 48 semester units or the equivalent, or that results in eligibility for transfer from a community college to a baccalaureate degree program.

(k) “Maximum household income and asset levels” means the applicable household income and household asset levels for participants in the Cal Grant Program, as defined and adopted in

regulations by the commission for the 2001–02 academic year, which shall be set pursuant to the following income and asset ceiling amounts:

CAL GRANT PROGRAM INCOME CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent and Independent students with dependents*		
Family Size		
Six or more	\$74,100	\$40,700
Five	\$68,700	\$37,700
Four	\$64,100	\$33,700
Three	\$59,000	\$30,300
Two	\$57,600	\$26,900
Independent		
Single, no dependents	\$23,500	\$23,500
Married	\$26,900	\$26,900

*Applies to independent students with dependents other than a spouse.

CAL GRANT PROGRAM ASSET CEILINGS

	Cal Grant A, C, and T	Cal Grant B
Dependent**	\$49,600	\$49,600
Independent	\$23,600	\$23,600

**Applies to independent students with dependents other than a spouse.

The commission shall annually adjust the maximum household income and asset levels based on the percentage change in the cost of living within the meaning of paragraph (1) of subdivision (e) of Section 8 of Article XIII B of the California Constitution. *However, for the 2010–11 academic year, the commission shall not make that adjustment for the purposes of the Cal Grant A Program.* Any applicant who qualifies to be considered under the

1 simplified needs test established by federal law for student
2 assistance shall be presumed to meet the asset level test under this
3 section. Prior to disbursing any Cal Grant funds, a qualifying
4 institution shall be obligated, under the terms of its institutional
5 participation agreement with the commission, to resolve any
6 conflicts that may exist in the data the institution possesses relating
7 to that individual.

8 (l) “Qualifying institution” means any of the following:

9 (1) Any California private or independent postsecondary
10 educational institution that participates in the Pell Grant program
11 and in at least two of the following federal campus-based student
12 aid programs:

13 (A) Federal Work-Study.

14 (B) Perkins Loan Program.

15 (C) Supplemental Educational Opportunity Grant Program.

16 (2) Any nonprofit institution headquartered and operating in
17 California that certifies to the commission that 10 percent of the
18 institution’s operating budget, as demonstrated in an audited
19 financial statement, is expended for the purposes of institutionally
20 funded student financial aid in the form of grants, that demonstrates
21 to the commission that it has the administrative capacity to
22 administer the funds, that is accredited by the Western Association
23 of Schools and Colleges, and that meets any other state-required
24 criteria adopted by regulation by the commission in consultation
25 with the Department of Finance. A regionally accredited institution
26 that was deemed qualified by the commission to participate in the
27 Cal Grant Program for the 2000–01 academic year shall retain its
28 eligibility as long as it maintains its existing accreditation status.

29 (3) Any California public postsecondary educational institution.

30 (m) “Satisfactory academic progress” means those criteria
31 required by applicable federal standards published in Title 34 of
32 the Code of Federal Regulations. The commission may adopt
33 regulations defining “satisfactory academic progress” in a manner
34 that is consistent with those federal standards.

35 *SEC. 20. Section 76300 of the Education Code is amended to*
36 *read:*

37 76300. (a) The governing board of each community college
38 district shall charge each student a fee pursuant to this section.

1 (b) (1) The fee prescribed by this section shall be ~~twenty dollars~~
2 ~~(\$20)~~ *twenty-six dollars (\$26)* per unit per semester, effective with
3 ~~the spring fall term of the 2006-07 2009-10~~ academic year.

4 (2) The board of governors shall proportionately adjust the
5 amount of the fee for term lengths based upon a quarter system,
6 and also shall proportionately adjust the amount of the fee for
7 summer sessions, intersessions, and other short-term courses. In
8 making these adjustments, the board of governors may round the
9 per unit fee and the per term or per session fee to the nearest dollar.

10 (c) For the purposes of computing apportionments to community
11 college districts pursuant to Section 84750, the board of governors
12 shall subtract, from the total revenue owed to each district, 98
13 percent of the revenues received by districts from charging a fee
14 pursuant to this section.

15 (d) The board of governors shall reduce apportionments by up
16 to 10 percent to any district that does not collect the fees prescribed
17 by this section.

18 (e) The fee requirement does not apply to any of the following:

19 (1) Students enrolled in the noncredit courses designated by
20 Section 84757.

21 (2) California State University or University of California
22 students enrolled in remedial classes provided by a community
23 college district on a campus of the University of California or a
24 campus of the California State University, for whom the district
25 claims an attendance apportionment pursuant to an agreement
26 between the district and the California State University or the
27 University of California.

28 (3) Students enrolled in credit contract education courses
29 pursuant to Section 78021, if the entire cost of the course, including
30 administrative costs, is paid by the public or private agency,
31 corporation, or association with which the district is contracting
32 and if these students are not included in the calculation of the
33 full-time equivalent students (FTES) of that district.

34 (f) The governing board of a community college district may
35 exempt special part-time students admitted pursuant to Section
36 76001 from the fee requirement.

37 (g) (1) The fee requirements of this section shall be waived for
38 any student who, at the time of enrollment, is a recipient of benefits
39 under the Temporary Assistance to Needy Families program, the
40 Supplemental Security Income/State Supplementary Program, or

1 a general assistance program or has demonstrated financial need
2 in accordance with the methodology set forth in federal law or
3 regulation for determining the expected family contribution of
4 students seeking financial aid.

5 (2) The governing board of a community college district also
6 shall waive the fee requirements of this section for any student
7 who demonstrates eligibility according to income standards
8 established by regulations of the board of governors.

9 (3) Paragraphs (1) and (2) may be applied to a student enrolled
10 in the 2005–06 academic year if the student is exempted from
11 nonresident tuition under paragraph (3) of subdivision (a) of
12 Section 76140.

13 (h) The fee requirements of this section shall be waived for any
14 student who, at the time of enrollment, is a dependent, or surviving
15 spouse who has not remarried, of any member of the California
16 National Guard who, in the line of duty and while in the active
17 service of the state, was killed, died of a disability resulting from
18 an event that occurred while in the active service of the state, or
19 is permanently disabled as a result of an event that occurred while
20 in the active service of the state. “Active service of the state,” for
21 the purposes of this subdivision, refers to a member of the
22 California National Guard activated pursuant to Section 146 of
23 the Military and Veterans Code.

24 (i) The fee requirements of this section shall be waived for any
25 student who is the surviving spouse or the child, natural or adopted,
26 of a deceased person who met all of the requirements of Section
27 68120.

28 (j) The fee requirements of this section shall be waived for any
29 student in an undergraduate program, including a student who has
30 previously graduated from another undergraduate or graduate
31 program, who is the dependent of any individual killed in the
32 September 11, 2001, terrorist attacks on the World Trade Center
33 and the Pentagon or the crash of United Airlines Flight 93 in
34 southwestern Pennsylvania, if that dependent meets the financial
35 need requirements set forth in Section 69432.7 for the Cal Grant
36 A Program and either of the following applies:

37 (1) The dependent was a resident of California on September
38 11, 2001.

39 (2) The individual killed in the attacks was a resident of
40 California on September 11, 2001.

1 (k) A determination of whether a person is a resident of
2 California on September 11, 2001, for purposes of subdivision (j)
3 shall be based on the criteria set forth in Chapter 1 (commencing
4 with Section 68000) of Part 41 for determining nonresident and
5 resident tuition.

6 (l) (1) “Dependent,” for purposes of subdivision (j), is a person
7 who, because of his or her relationship to an individual killed as
8 a result of injuries sustained during the terrorist attacks of
9 September 11, 2001, qualifies for compensation under the federal
10 September 11th Victim Compensation Fund of 2001 (Title IV
11 (commencing with Section 401) of Public Law 107-42).

12 (2) A dependent who is the surviving spouse of an individual
13 killed in the terrorist attacks of September 11, 2001, is entitled to
14 the waivers provided in this section until January 1, 2013.

15 (3) A dependent who is the surviving child, natural or adopted,
16 of an individual killed in the terrorist attacks of September 11,
17 2001, is entitled to the waivers under subdivision (j) until that
18 person attains the age of 30 years.

19 (4) A dependent of an individual killed in the terrorist attacks
20 of September 11, 2001, who is determined to be eligible by the
21 California Victim Compensation and Government Claims Board,
22 is also entitled to the waivers provided in this section until January
23 1, 2013.

24 (m) (1) It is the intent of the Legislature that sufficient funds
25 be provided to support the provision of a fee waiver for every
26 student who demonstrates eligibility pursuant to subdivisions (g)
27 to (j), inclusive.

28 (2) From funds provided in the annual Budget Act, the board
29 of governors shall allocate to community college districts, pursuant
30 to this subdivision, an amount equal to 2 percent of the fees waived
31 pursuant to subdivisions (g) to (j), inclusive. From funds provided
32 in the annual Budget Act, the board of governors shall allocate to
33 community college districts, pursuant to this subdivision, an
34 amount equal to ninety-one cents (\$0.91) per credit unit waived
35 pursuant to subdivisions (g) to (j), inclusive. It is the intent of the
36 Legislature that funds provided pursuant to this subdivision be
37 used to support the determination of financial need and delivery
38 of student financial aid services, on the basis of the number of
39 students for whom fees are waived. It also is the intent of the
40 Legislature that the funds provided pursuant to this subdivision

1 directly offset mandated costs claimed by community college
2 districts pursuant to Commission on State Mandates consolidated
3 Test Claims 99-TC-13 (Enrollment Fee Collection) and 00-TC-15
4 (Enrollment Fee Waivers). Funds allocated to a community college
5 district for determination of financial need and delivery of student
6 financial aid services shall supplement, and shall not supplant, the
7 level of funds allocated for the administration of student financial
8 aid programs during the 1992–93 fiscal year.

9 (n) The board of governors shall adopt regulations implementing
10 this section.

11 *SEC. 21. Section 84043 is added to the Education Code, to*
12 *read:*

13 *84043. (a) (1) Notwithstanding any other provision of law,*
14 *and unless otherwise prohibited under federal law, for the 2009–10*
15 *to 2012–13 fiscal years, inclusive, community college districts may*
16 *use funding received, pursuant to subdivision (b), from any of the*
17 *programs listed in paragraph (2) that are contained in Item*
18 *6870-101-0001 of Section 2.00 of the annual Budget Act, for the*
19 *purposes of any of the programs contained in Schedule (2) and*
20 *Schedules (4) to (23), inclusive, of Item 6870-101-0001 of Section*
21 *2.00 of the Budget Act of 2009.*

22 *(2) (A) Apprenticeship.*

23 *(B) Matriculation.*

24 *(C) Academic Senate for the Community Colleges.*

25 *(D) Equal Employment Opportunity.*

26 *(E) Part-time Faculty Health Insurance.*

27 *(F) Part-time Faculty Compensation.*

28 *(G) Part-time Faculty Office Hours.*

29 *(H) Economic Development.*

30 *(I) Transfer Education and Articulation.*

31 *(J) Physical Plant and Instructional Support.*

32 *(K) Career Technical Education.*

33 *(L) Campus Childcare Tax Bailout.*

34 *(b) For the 2009–10 to 2012–13 fiscal years, inclusive, the*
35 *chancellor shall apportion from the amounts provided in the annual*
36 *Budget Act for the programs enumerated in paragraph (2) of*
37 *subdivision (a), an amount to a community college district, based*
38 *on the same relative proportion that the district received in the*
39 *2008–09 fiscal year for the programs enumerated in paragraph*
40 *(2) of subdivision (a). The amounts allocated shall be adjusted for*

1 any greater or lesser amount appropriated for the items
2 enumerated in paragraph (2) of subdivision (a).

3 (c) (1) This section does not obligate the state to refund or
4 repay reductions made pursuant to this section. A decision by a
5 district to reduce funding pursuant to this section for a
6 state-mandated local program shall constitute a waiver of the
7 subvention of funds that the district is otherwise entitled to pursuant
8 to Section 6 of Article XIII B of the California Constitution on the
9 amount so reduced.

10 (2) If a community college district elects to use funding received
11 pursuant to subdivision (b) in the manner authorized pursuant to
12 subdivision (a), the governing board of the district shall, at a
13 regularly scheduled open public hearing, take testimony from the
14 public, discuss, and shall approve or disapprove the proposed use
15 of funding.

16 (3) (A) If a community college district elects to use funding
17 received pursuant to subdivision (b) in the manner authorized
18 pursuant to subdivision (a), the district shall continue to report
19 the expenditures pursuant to this section by using the appropriate
20 codes to indicate the activities for which these funds were expended
21 using the existing standard reporting process as determined by
22 the chancellor.

23 (B) The chancellor shall collect the information in subparagraph
24 (A) and shall provide that information to the Department of
25 Finance and to the appropriate policy and budget committees of
26 the Legislature on or before April 15, 2010, and annually thereafter
27 by April 15 of each year, through 2014.

28 (d) For the 2009–10 to 2012–13 fiscal years, inclusive,
29 community college districts that elect to use funding in the manner
30 authorized pursuant to subdivision (a) shall be deemed to be in
31 compliance with the program and funding requirements contained
32 in statutory, regulatory, and provisional language, associated with
33 the programs enumerated in subdivision (a).

34 SEC. 22. Item 6110-113-0890 of Section 2.00 of the Budget
35 Act of 2009 is amended to read:

36
37 6110-113-0890—For local assistance, Department of Education-
38 Title VI Flexibility and Accountability, payable from the
39 Federal Trust Fund..... 24,010,000

Schedule:

(1) 20.60.030.030-Instructional Support:	
Alternative Schools Accountability	
Model.....	775,000
(2) 20.70.030.005-Instructional Support:	
Assessment Review and Reporting.....	600,000
(3) 20.70.030.006-Instructional Support:	
STAR Program.....	5,433,000
(4) 20.70.030.007-Instructional Support:	
English Language Development Test.....	10,480,000
(5) 20.70.030.008-Instructional Support:	
High School Exit Examination.....	6,372,000
(6) 20.70.030.029-Instructional Support:	
High School Exit Examination: Evalua-	
tion of Instruction.....	350,000

Provisions:

1. Funds appropriated in Schedule (1) are provided for the continued development of the Alternative Schools Accountability Model to include alternative schools within the state's system of accountability.
2. Funds appropriated in Schedule (3) are provided for approved contract costs for the development and administration of the California Standards Tests, the Standards-Based Tests in Spanish, the California Modified Assessment, the California Alternate Performance Assessment (CAPA), and the Designated Primary Language Test, as part of the STAR Program.
3. The funds appropriated in Schedule (4) shall be available for approved contract costs for administration of the California English Language Development Test, consistent with the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of Division 4 of Title 2 of the Education Code and Provision 3 of Item 6110-113-0001.
4. Funds appropriated in Schedule (5) are provided for approved contract costs related to the administration of the California High School Exit Examination pursuant to Section 60851.5 of the Education Code. Any remaining funds shall be available for purposes of the STAR program in Schedule (3).

5. Funds appropriated in Schedule (6) are for an evaluation of instruction in the standards covered by the California High School Exit Examination in order to determine the progress of middle schools and high schools in implementing instruction and curriculum aligned to those standards. Any remaining funds shall be available for purposes of the STAR program in Schedule (3).
6. Funds appropriated in Schedule (2) are for providing local educational agencies information regarding federal requirements associated with assessments.
7. Funds provided to local educational agencies from Schedules (3), (4), and (5) shall first be used to offset any state-mandated reimbursable cost, within the meaning of subdivision (e) of Section 17556 of the Government Code, that otherwise may be claimed through the state mandates reimbursement process for the STAR Program, the California English Language Development Test, the California High School Exit Examination, and the California Alternate Performance Assessment. Local educational agencies receiving funding from these schedules shall reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from these schedules.
8. Of the funds appropriated in Schedule (5), \$1,200,000 is provided in one-time carryover funds.
9. Federal funds provided in this item for statewide testing purposes shall be fully expended before General Fund resources provided in Item 6110-113-0001 are expended for the same purposes.

SEC. 23. *It is the intent of the Legislature that basic aid school districts assume categorical funding reductions proportionate to the revenue limit reductions implemented for nonbasic aid districts in this act. The Superintendent of Public Instruction shall reduce the amount of categorical funding allocated to basic aid school districts in 2009–10, as follows:*

(a) For 2009–10, the State Department of Education shall notify each basic aid school district, by September 1, 2010, or two months

1 after the Budget Act of 2010 is enacted, whichever is later, of the
2 amount of funds to be reduced from its categorical allocations, as
3 follows:

4 (1) Multiply each district's 2009–10 total revenue limit subject
5 to the deficit factor specified in paragraph (5) of subdivision (a)
6 of Section 42238.146 of the Education Code, calculated as of the
7 2009–10 certified second principal apportionment, by 4.36 percent.

8 (2) The department shall recover from categorical funds
9 identified in subdivision (b) and apportioned in 2010–11 to districts
10 that were basic aid school districts in the 2009–10 fiscal year, the
11 lesser of the amount calculated in paragraph (1) or the amount
12 by which the sum of the amounts described in subdivision (h) of
13 Section 42238 of the Education Code exceeds the district's revenue
14 limit. This result will be further limited by the following:

15 (A) The amount of categorical funds to be reduced shall be
16 limited to the extent that the provisions of Section 41975 of the
17 Education Code cannot be met through other state aid.

18 (B) If the amount determined in paragraph (1) exceeds the
19 amount of categorical funding owed or paid in the 2010–11 fiscal
20 year to the basic aid school district for programs identified in
21 subdivision (b), then the department shall recover the lesser
22 amount.

23 (b) The department shall recover the amount of funds calculated
24 in subdivision (a) and may offset funds for any categorical program
25 to be received in the 2010–11 fiscal year, with the exception of
26 special education, the After School Education and Safety Program,
27 the Quality Education Investment Act of 2006, and child care and
28 development.

29 (c) By June 30, 2011, the department shall report to the
30 Controller and the Director of Finance the amounts that were
31 recovered from each categorical education program and the
32 corresponding item of appropriation in the Budget Act of 2009
33 that is to be reduced. The amounts so reduced shall revert to the
34 unexpended balance of the General Fund. The reductions pursuant
35 to this subdivision shall be reductions in the amount appropriated
36 for purposes of Section 8 of Article XVI of the California
37 Constitution for the 2009–10 fiscal year.

38 (d) For purposes of this section, "basic aid school district"
39 means a school district that does not receive from the state, for

1 *the 2009–10 fiscal year, an apportionment of state funds pursuant*
2 *to subdivision (h) of Section 42238 of the Education Code.*

3 *SEC. 24. For the 2009–10 fiscal year and for purposes of*
4 *Sections 42127 and 42131 of the Education Code, a county*
5 *superintendent of schools and the Superintendent of Public*
6 *Instruction shall not assign a qualified or negative certification*
7 *to a local education agency based substantially on a projected*
8 *loss of federal funds provided through the federal State Fiscal*
9 *Stabilization Fund of the American Recovery and Reinvestment*
10 *Act of 2009 in the 2011–12 fiscal year. To ensure consistent*
11 *statewide implementation of this provision and to provide guidance*
12 *to reviewing agencies regarding the application of this provision,*
13 *the Superintendent of Public Instruction shall convene a standards*
14 *and criteria committee established pursuant to Section 33127 of*
15 *the Education Code to modify the budget and financial review*
16 *criteria to incorporate this change for the 2009–10 fiscal year.*

17 *SEC. 25. Section 10 of this act furthers the purposes of The*
18 *Classroom Instructional Improvement and Accountability Act*
19 *approved by the electors at the November 8, 1988, statewide*
20 *general election.*

21 *SEC. 26. Any judicial action or proceeding to challenge,*
22 *review, set aside, void, or annul the provisions of Section 41202.5*
23 *of the Education Code, as added by Section 10 of this act, shall*
24 *proceed by application or complaint filed within 45 days of the*
25 *effective date of this act.*

26 *SEC. 27. The changes in law made by this act shall be operative*
27 *commencing on July 1, 2009, and thus apply retroactively.*

28 *SEC. 28. This act addresses the fiscal emergency declared by*
29 *the Governor by proclamation on December 19, 2008, pursuant*
30 *to subdivision (f) of Section 10 of Article IV of the California*
31 *Constitution.*

32 ~~*SECTION 1. It is the intent of the Legislature to enact statutory*~~
33 ~~*changes relating to the Budget Act of 2009.*~~

34 ~~*SEC. 2. This act addresses the fiscal emergency declared by*~~
35 ~~*the Governor by proclamation on December 19, 2008, pursuant*~~
36 ~~*to subdivision (f) of Section 10 of Article IV of the California*~~
37 ~~*Constitution.*~~

O